

BEFORE

THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 90-570-C - ORDER NO. 91-69

JANUARY 28, 1991

IN RE: Application of American Network) ORDER
Exchange, Inc. for Authority to) GRANTING
Provide Intrastate Operator) CERTIFICATE OF
Assisted Telecommunications) PUBLIC CONVENIENCE
Service) AND NECESSITY

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of an Application filed by American Network Exchange, Inc. (the Company or AMNEX) requesting a Certificate of Public Convenience and Necessity authorizing it to provide intrastate operator assisted resold telecommunications service in South Carolina. The Company is a non-facility based company which will provide its product by reselling capacity from underlying facilities based carriers. AMNEX seeks to provide 24-hour intrastate long distance telephone services, which includes completing calling/credit card calls, collect calls, third number billing calls and person-to-person calls, on either live or automated operator-assisted long distance telephone service. The services are designed primarily to originate at locations where callers require operator assistance or alternative billing arrangements, such as hotels/motels, hospitals, educational institutions, and public and private pay telephones.

On August 30, 1990, the Commission's Executive Director instructed the Company to cause to be published a prepared Notice

of Filing once a week for two consecutive weeks in newspapers of general circulation in affected areas. The Notice of Filing indicated the nature of AMNEX's Application and advised all interested parties desiring to participate in the scheduled proceeding of the manner and time in which to file the appropriate pleadings. AMNEX furnished affidavits demonstrating that the Notice of Filing had been duly published in accordance with the instructions of the Executive Director.

A public hearing relative to the matters asserted in AMNEX's Application was held on December 19, 1990 at 10:30 a.m. in the Hearing Room of the Commission at 111 Doctor's Circle, Columbia, South Carolina, before the Commission with the Honorable Marjorie Amos-Frazier presiding. The Applicant appeared without Counsel, and Marsha A. Ward, General Counsel, represented the Commission Staff. Testimony was provided by Rolando de Aguiar for American Network Exchange, Inc. No other witnesses were called.

Based on the information contained in AMNEX's Application, as well as the evidence of the whole record before the Commission, the Commission makes the following findings of fact and conclusions of law:

1. AMNEX is a reseller of intrastate interexchange telecommunications services.
2. AMNEX has applied for a Certificate of Authority from the Secretary of State to do business in South Carolina.
3. AMNEX has the financial resources to provide adequate telecommunications services to consumers in South Carolina.
4. Consistent with our intent to encourage greater

competition in the interexchange market place as previously stated (See, Order No. 89-1015, issued October 23, 1989, in Docket No. 88-693-C), the approval of this Application will serve the public interest in that it will enhance competition.

5. The Company herein shows itself to be fit, willing, and able to provide such resale telecommunication services and that therefore it should be granted a Certificate of Public Convenience and Necessity to provide intrastate operator assisted resold telecommunications services.

6. The Company shall block or switch to the LEC all intraLATA calls which are attempted over its network. If the Company incidentally or accidentally completes any intraLATA calls, the LEC should be compensated as ordered by the Commission in Order No 86-793, issued August 5, 1986, in Docket 86-187-C.

7. A rate structure incorporating a maximum rate level with the flexibility for downward adjustment has been previously adopted by this Commission. IN RE: Application of GTE Sprint Communications Corporations, etc., Order 84-622, issued in Docket 84-10-C, on August 2, 1984. The Commission herein finds that the appropriate rate structure for AMNEX should include a maximum rate level for each tariff charge; and that for intrastate interLATA operator-assisted and calling card calls, AMNEX should be required to charge operator or calling card surcharges no higher than the intrastate charges then currently approved for AT&T Communications, and that for the usage portion of either type call, AMNEX should be required to charge intrastate rates no higher than the intrastate rates charged by AT&T Communications at the time such call is

completed.

8. While the Commission is conscious of the need for resellers to adjust rates and charges timely to reflect the forces of economic competition, rate and tariff adjustments below the maximum levels should not be accomplished without notice to the Commission and to the public. The Company shall incorporate provisions for filing rate changes and publication of notice of such changes two weeks prior to the effective date of such changes, and affidavits of publication must be filed with the Commission. Any proposed increase in the maximum rate level reflected in the tariffs of the Company, which should be applicable to the general body of subscribers, would constitute a general ratemaking proceeding which would be treated in accordance with the notice and hearing provisions of the S.C. Code Ann. Section 58-9-540 (Cum. Supp. 1989).

9. An end user should be able to access another interexchange carrier or operator service provider if they so desire.

10. That AMNEX should be allowed to incorporate in its tariff a surcharge for operator-assisted and calling card calls not to exceed \$1.00 for calls originated at hotels and motels and customer-owned pay telephones if such surcharge is requested by the customer. If such charge is applied; it should be paid in its entirety to the customer by AMNEX.

11. That AMNEX should be required to provide "tent" cards to hotels and motels for placement next to guest telephones identifying it as the provider of operator service for intrastate interLATA distance calls; and that AMNEX operators should be

required to brand all calls identifying itself as the carrier for such call.

12. That AMNEX should be required to furnish pay telephone owners with a sticker or information piece to be affixed to the telephone instrument by which its service may be accessed identifying the operator service as being provided by AMNEX and indicating the rates charged for its service or the method for obtaining rate information.

13. The Company may only use such underlying carriers for the provision of intrastate telecommunications service as are certified by this Commission to provide such service and the Company will notify the Commission in writing as to its underlying carrier or carriers and of any change in its carrier.

14. That AMNEX should be authorized to provide intrastate interLATA service through the resale of Wide Area Telecommunications Service (WATS), Message Telecommunication Service (MTS), Foreign Exchange Service (FX) and Private Line Service, or any other service authorized for resale and reflected as such in tariffs of facilities-based carriers certificated by this Commission.

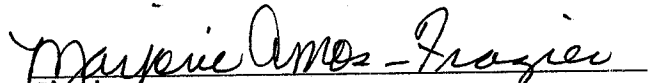
15. The Company is subject to any applicable access charges pursuant to Commission Order No. 86-584 in which the Commission determined that the reseller should be treated similarly to facility based carriers for access charge purposes.

16. The Company is required to file on a yearly basis surveillance reports with the Commission as required by Order No. 88-178 in Docket 87-483-C. The proper form for these reports

should be Attachment A, attached hereto and incorporated by reference herein.

17. That AMNEX should file tariffs in accordance with the findings herein withing thirty (30) days of the date of this Order.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS

FOR INTEREXCHANGE COMPANIES AND AOS'S

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION, MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3 ABOVE).